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October 14, 1997

Executive Secretary
Marine Safety Council
(G-LRA)(CGD97-050)
U.S. Coast Guard
Room 3406
2100 Second Street, S.W.
Washington, D.C. 20593-0001

Re: CGD 97-050

Dear Sir or Madam:

Pursuant to a Federal Register Notice of August 29, 1997, 62 Fed. Reg. 45774, enclosed please find two copies of comments submitted by Petroport, Inc. regarding revision to the Deepwater Port regulations (33 CFR Parts 148-150).

If you require any additional information, Petroport would be pleased to provide it.

Respectfully submitted,

Andrea Grant

Andrea Grant
Counsel for Petroport, Inc.

Enclosures

OCT 14 1997

OCT 14 1997

PETROPORT

COMMENTS

on the

ADVANCED NOTICE OF PROPOSED RULEMAKING

regarding

"DEEPWATER PORTS"

UNITED STATES COAST GUARD

33 CFR PARTS 148-150

(CGD 97-050)

October 14, 1997

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Petroport, Inc., a wholly-owned subsidiary of Blue Dolphin Energy Company of Houston, Texas, hereby submits these comments in response to the Coast Guard's Advanced Notice of Proposed Rulemaking/Request for Comments on the regulations governing deepwater ports -- 33 CFR Parts 148, 149 and 150. Petroport is planning to construct and operate a deepwater terminal/offshore storage facility off the coast of Freeport, Texas. Accordingly, Petroport would be subject to the Deepwater Port regulations and has a strong interest in their revision.

The Company commends the Coast Guard for initiating this rulemaking to update and simplify the regulations, reflecting technological advancements that have occurred and operational experience that has been gained by the Agency and the petroleum industry since the regulations were promulgated in the 1970s.

The Coast Guard has determined that a deepwater port is the most environmentally-sound means of transporting crude oil from abroad to the United States.[1/] A deepwater port is regulated at four stages -- by (1) the Deepwater Port Act of 1974, as amended (33 U.S.C. Sections 1501, et seq.), (2) the port's individual license, (3) the Coast Guard and other Federal and State regulations, and (4) the port's Operations Manual. Such

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1/ U.S. Department of Transportation, Coast Guard, "Deepwater Ports Study," Oil Pollution Act (OPA 90) Staff, Office of Marine Safety, Security and Environmental Protection, Washington, D.C. (1993).

excessive, and at times duplicative, regulation has created difficulties. Removal of redundant requirements and unnecessary and out-of-date mandates will facilitate the licensing process and improve a deepwater port's operation, making it more efficient and more economical. It will make such a facility more competitive and a viable alternative for the importation of crude oil.

I. Background

When the Deepwater Port regulations were issued, there had never been a deepwater port built in the United States and there was limited experience with offshore facilities engaged in oil and gas exploration and production, as well as other related offshore activities. Thus, Congress and the Coast Guard created a comprehensive and complex statutory and regulatory regime to ensure health and safety, protection of the environment and protection against anticompetitive behavior. The environmental and competitive consequences of such a facility were not clear, and thus the regulations were designed to govern every detail of the facility's operation. Under this program, only one deepwater port has been constructed and is in operation -- the Louisiana Offshore Oil Port ("LOOP").

In contrast, 'hundreds of offshore facilities for oil and gas resource development and production have been built and operated

during the past twenty years. The Coast Guard and the petroleum industry now have substantial experience with offshore facilities, including deepwater ports. A deepwater port and other offshore facilities are very similar in construction and operation. However, a deepwater port poses less environmental risk. It does not handle crude oil at high pressures, as is done at many other offshore facilities.

Accordingly, as the Coast Guard revises the Deepwater Port regulations, it should look to the experience of LOOP and that of the other offshore facilities. Indeed, the regulations on "Outer Continental Shelf Activities," 33 CFR Subchapter N, and the regulations governing "Facilities Transferring Oil and Hazardous Materials in Bulk,' 33 CFR Part 154, contain a number of operating standards that are well-recognized and followed by the petroleum industry; they could be substituted for Deepwater Port regulations governing the same items. In this way, the Coast Guard regulations would be consistent for similar structures.

II. 33 CFR Part 148

The license application procedure and regulations are cumbersome, costly and a barrier to entry. The licensing process could take between 18 months and 2 years. In contrast, the permitting of other offshore facilities usually takes between 3

and 6 months and costs only a fraction of the amount associated with a deepwater port's application process. While the Coast Guard must operate within the limits of its statutory authority, it should try to minimize the burdens of the application process wherever possible.

A. Identification and Financial Information: Section 148.109

Section 148.109 requires each applicant to provide information on its related entities, proof of citizenship, and detailed financial data. This information must also be provided by each "affiliate." An "affiliate" is (1) all companies or persons related to the applicant such as parent, sister or subsidiary entities, (2) persons who have a direct or indirect ownership interest in the applicant of greater than 3 percent, and (3) consultants or contractors which will enter into significant contracts with the applicant relating to financing, managing, construction or operation of the deepwater port, This information is very comprehensive.

The Coast Guard and the Department of Transportation should clearly obtain all relevant information about the applicant and its related entities; however, it is unnecessary and burdensome for companies or individuals who have invested more than 3 percent in the applicant and those consultants and contractors

with which the applicant has, or plans to contract, to provide this information. The Agency should be able to determine the suitability of the applicant and its financial capability to construct and operate the planned facility without this additional information from investors and contractors.

Accordingly, Sections 148.109(a),(b),(c),(d) and (e)(1)-(6) should apply only to the applicant and its related companies,

B. Competition: Section 148.109(e)

Congress adopted the Deepwater Port Act immediately after the Arab Oil Embargo, and was concerned about loss of supply, rising costs of essential petroleum products, and the dominance of the industry by a few companies. In addition, Congress believed that the transport of crude oil on "Very Large Crude Carriers" ("VLCCs") and "Ultra Large Crude Carriers" ("ULCCs") might prove to be the most cost efficient and best means of bringing crude oil to the United States;[2/] and feared that if a few companies could control the flow of oil into the country from these large vessels, through a deepwater port facility, those companies could possibly dominate the petroleum industry and

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[2/] Because of the draft of these vessels, they cannot enter U.S. ports. At a deepwater port, crude oil is off-loaded from the ship and sent to shore via a pipeline buried in the seabed.

ultimately raise prices to consumers. Accordingly, the original statute imposed numerous safeguards to protect competition.

However, since that time, the market has not developed as anticipated. Imported crude oil enters the Gulf Coast of the United States in several ways: (1) directly in short-haul, smaller vessels from producing countries such as Mexico, Colombia and Venezuela: (2) on smaller vessels delivering oil from Caribbean Basin countries where larger vessels originally off-loaded the crude into storage tanks (this process is known as "transshipment"); and (3) on smaller vessels that off-load from larger vessels at sea (this process is known as "lightering"). In short, deepwater ports have not dominated the market and have not posed a competitive threat. Thus, when the Deepwater Port Act was amended in 1996 (Public Law 104-324), Congress deleted those specific provisions of the statute that addressed the issue of competition. However, some of the information sought in the application in Part 148 still reflects the post-embargo concerns about competition, Those requirements too should be deleted.

Specifically, 33 CFR Section 148.109(e) requests information on (1) the reserves of crude oil for each Production District within the Petroleum Administration District in which oil from the deepwater port is to be landed, (2) detailed information about each refinery in the region, (3) total demand for each refined product in the region, (4) similar information about

other Petroleum Administration Districts into which surplus crude, if any, transported by the port, may be shipped, and (5) detailed information from the applicant and affiliate engaged in producing, refining, or marketing oil about its portion of the data submitted for each applicable Petroleum Administration District and detail about its refining and marketing operations. All of this information was to assist in determining the market share of the owner or operator of the deepwater port. These data are unnecessary in today's competitive market; and an applicant would need to retain, at considerable expense, a consultant to assemble it.

The Deepwater Port Act, as amended, recognize8 that "deepwater ports are generally subject to effective competition from alternative tranaportation modes," and thus requires that an applicant provide very limited data on refineries that plan to receive crude oil from the deepwater port, including (1) identification, location and capacity of each such facility and (2) the anticipated volume of such oil to be refined to the extent known. Accordingly, the Coast Guard should delete Section 148.109(e) and require provision of only the data mandated by statute.

c. General Technical Information: Section 148.109(f)

Section 148.109(f) requests detailed information about contractors with which the applicant has made, or proposes to make a significant contract for the construction of any part of the deepwater port. Petroport is concerned that as written, this provision could weaken its ability to negotiate with certain construction firms.

The applicant may be considering a number of construction firms to build the deepwater port, and it may not have made its selection when it files its application. Therefore, if it has to provide the requested information on numerous possible firms and their experience, the request may be burdensome. In addition, if a construction firm realizes that the applicant is including a description of its experience in the application, it will, of course, realize that the applicant "proposes to make a significant contract with it for construction." That knowledge could strengthen the position of the construction firm in its negotiations with the applicant. Such a situation could inadvertently increase the cost of construction. Accordingly, the provision should be amended to request technical information on only those firms with which the applicant has contracted or with which it ha6 a letter of intent.

D. Soil Data: Section 148.109(k)

Section 148.109(k) requires an analysis of the general character and condition of the ocean bottom and sub-bottom throughout the marine site and along the path of the pipeline to shore. The provision should be amended to delete "along the path of the pipeline to shore." Such an analysis is very costly and is not required by the Department of Transportation or the Department of the Interior regulations applicable to pipelines.

The Gulf of Mexico is not an earthquake zone, and the ocean floor in the region is stable, It is the standard and accepted practice to perform the type of analysis required by Section 148.109(k) in the area where the operator will construct the platform(s) and related components, Accordingly, the. Coast Guard should limit the applicability of the section to the "marine site."

E. Onshore Components Data: Section 148.109(p)

Section 148.109(p) asks for a description of the location, capacity, ownership, and a preliminary design drawing of onshore pipelines, storage facilities, refineries, petrochemical facilities and transshipment facilities to be served by the deepwater port. In addition, it requests information about such holdings of each applicant or affiliate which is engaged in

producing, refining, or marketing petroleum. As with Section 148.109(e), Section 148.109(p) was written, when the Agency was concerned that a few companies would, through the use of a deepwater port, control the flow of petroleum and dominate the industry. As explained above, the market has not developed as anticipated. It is highly competitive and there are numerous alternatives for crude oil transportation into the United States.

Therefore, the Coast Guard should delete Section 148.109(p). It no longer serves any purpose and would be cumbersome and costly with which to comply.

F. Optional Procedures: Section 148.111

Section 148.111 permits applicants and affiliates to supply required information in a consolidated manner in accordance with generally accepted accounting principles. As indicated above with regard to Section 148.109(e), these procedures should be made applicable only to the applicant and its related entities. No financial information should be required of (1) persons who own more than 3 percent of the applicant, or (2) consultants and contractors with which the applicant will contract. The Department of Transportation should decide the suitability of the applicant based on its financial and technical experience and its ability to hire and supervise capable contractors. This approach

is similar to that adopted by the Department of the Interior when it permits other offshore facilities.

G. Notice of Proposed Site Evaluation Activities: Section 148.503

Section 148.503 requires a person desiring to conduct site evaluation and preconstruction testing at a potential deepwater port location to submit a written notice to the Commandant prior to commencement of such activities. The information that must be included in such a notice is fairly comprehensive. However, for seven site evaluation activities "not usually harmful to the environment," the notice must contain more limited information.

While no similar notice requirements are applicable for other offshore facilities, Petroport recognizes that the Deepwater Port Act of 1974, as amended, (33 USC Section 1504(b)) requires regulations applicable to site evaluation and preconstruction testing. Therefore, for those seven items that the Coast Guard has already determined are not generally "harmful to the environment," no notice requirement should apply,

H. Captain of the Port

During the Congressional debate on amending and updating the Deepwater Port Act, it was explained that, at times, a change in

procedures or requirements is difficult to obtain because the Commandant of the Coast Guard has to approve it. See 33 CFR Section 148.603. Unnecessary delays have often occurred because the authority has not been delegated to an officer that could address the issue in a timely manner.

Accordingly, the Company recommends that the regulations provide that the Commandant may delegate to the Captain of the Port, the District Commander or any officer the authority to grant such approvals. Someone with knowledge of the deepwater port and its specific needs must review petitions for exemptions or other situations in which approval must be given. The recommended change will facilitate more timely decisions, thereby making modifications at the port or in its operations more efficient. In addition, an appellate procedure should also be established.

III. 33 CFR Part. 149

A. Design Standards: Section 149.205(e)

Section 149.205(e) requires that the main oil transfer piping on a platform must be designed in accordance with the American National-Standards Institute (ANSI B 31.4) "Liquid Petroleum Transportation Piping Systems." Most oil transfer

piping systems at other affshore facilities are designed in accordance with ANSI B 31.3. That standard is essentially the same as 31.4, but is, to some degree, more stringent. It was developed to apply to petroleum piping transfer systems within a refinery, Typically bids for most oil transfer piping systems are presented in terms of ANSI B 31.3, It would be cumbersome and perhaps confusing to use ANSI B 31.4. Accordingly, the Coast Guard should amend the section to require systems to be designed in accordance with ANSI B 31.3.

B. Construction: Section 149.206

Section 149.206 requires the installation of steel walls or decks on a platform in an effort to seal off the area in which a fire may start. These requirements are not necessary for unmanned areas on the deepwater port. In such areas, a fire will simply cause the shut-down of equipment; there is no risk to personnel or to the operational integrity of the structure. Thus, in revising the regulations, the Coast Guard should limit this requirement on construction to the manned areas of the port.

C. First Aid Station! Section 149.217,

Section 149.217 requires that every pumping platform complex have a first aid station with an adjoining space for two beds. This requirement is unnecessary. Moreover, a comparable

requirement is not imposed on other offshore facilities. Today, helicopters are used routinely to move personnel to facilities on shore if a crew member requires medical attention. On the Outer Continental Shelf, helicopters can usually arrive at a site within one hour of being called. However, there is frequently a helicopter at other facilities in the area, and such equipment is always diverted immediately to an offshore facility in need.

D. Curbs, Gutters, Drains, and Reservoirs: Section 149.403

Section 149.403 requires that each platform have enough curbs, gutters, drains, and reservoirs to collect certain discharges and wastes -- (a) discharges from equipment and refueling facilities; and (b) laboratory, sanitary, galley, and deck cleansing wastes. The gathering of discharges and wastes in reservoirs is not consistent with the standard and accepted practices employed currently on other offshore facilities.

Typically, oil wastes are treated to remove hydrocarbons to an acceptable quality for discharge into the Gulf of Mexico. Sanitary wastes from toilets and urinals ("black water") are treated in a certified sewage treatment unit to an acceptable quality for discharge into the Gulf, and sanitary wastes from sinks, showers, and laundry ("gray water") are usually discharged directly overboard without treatment. Accordingly, the Coast

Guard should amend Section 149.403 to make it conform with accepted practices on other offshore facilities.

E. Means of Escape: Section 149.421(c)

Section 149.421(c) requires that each platform have at least one fixed or unfixed means of escape for every ten persons on board the platform, including the means of 'escape required for (1) the highest working level to the water, and (2) the living spaces. Assuming approximately 40 persons on board the platform, the requirement of Section 149.421(c) is excessive and not required of other manned offshore facilities. Accordingly, the Coast Guard should amend the section to conform with 33 CFR Section 143.101 which addresses "means of escape" from offshore facilities. Section 143.101's more limited approach has proven successful and appropriate for hundreds of such facilities.

F. Additional Requirements for Escape: Sections 149.421(g) and (h)

Sections 149.421(g) and (h) provide additional requirements for exits. Again, they are not required for other offshore facilities and may be difficult to meet, given some of the small areas to which they apply. Therefore, the Coast Guard should conform these requirements to those applicable to other offshore facilities.

G. Means of Escape from Helicopter Landing Pad: Section 149.423

Section 149.423 provides that helicopter landing pads must have at least two fixed means of escape that are independent of those required for the rest of the deepwater port, Since this provision was adopted, it has become clear that operations at helicopter landing pads are not as dangerous as anticipated; they have become routine; therefore, based on that experience, other offshore facilities are not required to have these additional means of escape. Accordingly, the Coast Guard should delete this provision.

H. personnel Landings: Section 149.431

Each deepwater port must have at least two personnel landings for access to the platform from the water. In contrast, Section 143.105, applicable to offshore facilities, leaves the number of personnel landings to the discretion of the operator of such facilities. The Coast Guard should, therefore, amend Section 149.431 to conform with Section 143.105.

I. Toeboards: Section 149.441

Section 149.441 requires that each open-sided deck, deck opening, and catwalk have protection that meets the "Safety

Requirements for Floor and Wall Openings, Railings and Toeboards: of the ANSI (ANSI A12.1), except each must have toeboards, The Coast Guard should replace Section 149,441 with the comparable language in Section 143.110 that applies to offshore facilities, That latter provision reflects more recent experience with these types of requirements.

However, in addition, the Agency should add a new subsection to the language of Section 143,110 that states: "elevated open sided decks, deck openings and catwalks must have toeboards if the space below such decks can be occupied." Decks above open water or above areas that cannot be occupied by personnel do not need toeboards that protect the space below from objects being inadvertently kicked off the upper deck onto the space below,

J. Fixed Fire Main System for Water/Fire Extinguishing Systems: Section 149.451-479

Sections 149.451 through 3.49.479 require each facility to have a fixed fire main system for water. Specifically, it provides for two independent streams of water. However, since the original regulations were promulgated, most engineering firms constructing offshore facilities in the Gulf have chosen to use dry chemicals instead of water as the primary fire extinguishing agent; such chemicals are generally believed to be superior, and do not rely on pumps or electrical power,

Section 149.481 specifically addresses additional fire extinguishing systems such as those that employ dry chemicals, Therefore, the Coast Guard has already recognized that these systems are appropriate for the hazards that would be present on a deepwater port. Accordingly, the Coast Guard should permit the owner or operator of the deepwater port to choose which type of fire extinguishing system, or combination thereof, should be installed at the facility.

K. Fire Extinguishing Equipment: Section 149.481

Section 149.481 addresses "other fire extinguishing systems" in addition to a main water fire fighting system. It speaks in terms of halogenated agents. Because those agents are no longer considered safe, Section 149.481 should be updated to reflect current standards.

L. Fire Fighting System for Helicopter Pads: Section 149.483

Section 149.483 addresses fire extinguishing systems at helicopter pads. Specifically, it requires use of a water system. Since the adoption of this provision, experience at hundreds of offshore facilities has shown that dry chemicals provide sufficient protection at a helicopter pad. Typically, a facility maintains one portable dry chemical extinguisher located

on the pad. Accordingly, Section 149.483 should be amended to conform to this proven and accepted industry practice.

M. Fire Detection and Alarm Systems: Section 149.491

Sections 149.491(a)(2) and (3) require that a deepwater port have certain types of fire detection systems, depending upon the space in which they are located. Specifically, (a)(2) requires a combination fixed-temperature and rate-of-rise heat detector system in each non-sleeping space that does not have an automatic fire extinguishing system, unless the space is subject to a 15 degree Fahrenheit or greater per minute rate-of-rise. Subsection (a) (3) requires a fixed-temperature detector system in each non-sleeping space that does not have an automatic fire extinguishing system and that is subject to a 15 degree Fahrenheit or greater per minute rate-of-rise.

The Coast Guard should amend the provisions by adding the word "enclosed" to the phrase "non-sleeping space." In an enclosed space, there is the possibility of accumulation of explosive vapors mixed with air. However, in non-enclosed space, the vapors would dissipate, and the detection systems designated are not necessary.

N. Spare Charges: Section 149.505

Section 149.505 requires that spare charges be carried for at least 50 percent of each size and variety of hand portable fire extinguishers required. The 50 percent rule is impractical and costly. Based on experience on other offshore facilities, knowledgeable engineers estimate that approximately 10 percent of all fire extinguishers will require replacement charges each year.

Further, dry chemical extinguishers consist of two components -- the chemical powder (which remains usable for between two and five years) and a carbon dioxide cartridge used to create the pressure to operate the device (the cartridge remains usable for about two years). Based on the life spans of these components, the spare charges mandated would deteriorate before they are needed. Thus, the 50 percent rule creates waste and unnecessary cost. The Coast Guard should reduce the number of spare charges maintained to 10 percent of the number of fire extinguishers.

0. Fire Axes: Section 149.515

Section 149.515 requires that a deepwater port have at least eight fire axes. However, this requirement is impractical. Most of the construction on a deepwater port is made of steel. There

would be little utility of a fire axe, except where wood or fiber materials are used. Because these latter materials are typically found in the living quarters on a facility, it is more reasonable to require the presence of fir6 axes only in the crew's living quarters.

P. Fireman's Outfits. Section 149.517

Section 149.517 mandates that each platform have at least two fireman's outfits. Because there is no large volume of hydrocarbons stored on the platforms of a deepwater port, there should be no need for long firefighting efforts that would require such outfits,

Since the adoption of Section 149.517, the philosophy of fighting fires on an offshore platform has changed dramatically. It is *now* believed that the most prudent course of action is to have personnel make a brief attempt at putting out a fire with dry chemical extinguishers. If that action does not control the fire, personnel are to evacuate immediately. They are not to remain to fight the blaze. Therefore, crew members do not require fire fighting suits. Indeed, such outfitting is not mandated for other offshore facilities. Accordingly, the Coast Guard should delete Section 149.517.

Q. bitters: Section 149.533

Section 149.533 requires that each platform be equipped with at least one Stokes litter. Because airlifting a sick or injured crew member is now the common and accepted practice on other offshore facilities, Section 149.533 should be amended to require the type of litter that is used for helicopter transport.

IV. 33 CFR Part 150

A. Operations Manual: Section 150.105

In amending the Deepwater Port Act of 1974, Congress emphasized that, where possible, details of daily operation of the port should be placed in the facility's Operations Manual, making amendment to the procedures simpler than if the requirements were contained in the regulations. Petroport strongly supports this objective. Therefore, the Company recommends that the Coast Guard substitute the requirements of the "Facilities Transferring Oil or Hazardous Material in Bulk," 33 CFR Part 154, regarding "Operations Manual" for the similar requirements contained in the current Deepwater Port regulations.

Specifically, Subpart B of Part 154 provides that each facility operator must submit an Operations Manual that

(1) describes how the applicant meets the operating rules and equipment requirements, (2) describes the responsibilities of the personnel in conducting oil transfer operations, and (3) includes translations into a language or languages understood by all designated persons-in-charge of transfer operations.

In addition, the Coast Guard should move items such as personnel duties, description of fire extinguishing equipment and locations, and 33 CFR Part 150, Subpart C -- "Vessel Navigation," into the Manual.

B. ironmental Monitoring: Section 150.127

Section 150.127 provides that the licensee of the deepwater port shall monitor the environment in accordance with the program set forth in its Operations Manual. It appears unnecessary for a deepwater port to engage in "environmental monitoring" similar to that covered by the Environmental Impact Statement completed prior to receiving its license. After that thorough analysis and the Environmental Impact Statements prepared by the Minerals Management Service of the Department of the Interior for each block lease sale, the potential impact of the port has already been studied.

In addition, the deepwater port will, of course, monitor on a continual basis all of its operations to ensure that there is

no oil discharge or other malfunction. That type of environmental monitoring is standard practice for all on- and offshore facilities and would be followed carefully by all personnel at a deepwater port.

Accordingly, the Coast Guard should delete Section 150.127. It is not required by statute, and the Environmental Impact Statement already will provide the relevant data in abundance.

C. Aircraft Operations: Section 150.516

Section 150.516 requires that firefighters be present during aircraft operations. Since the Section was adopted, helicopter operations at other offshore facilities have become routine and are considered relatively safe. Offshore facilities do not have crew members standing by with fire fighting equipment each time a helicopter takes off or lands. Therefore, the Coaat Guard should delete Section 150.516. It is out-of-date and unnecessary.

D. Medical Technician: Section 150.525

As explained, typically, today if a crew member of an offshore facility becomes ill or is injured, he or she is airlifted by helicopter to a medical facility on shore. A helicopter can usually reach the offshore facility within an hour

of being called or a helicopter serving another facility in the Gulf will be diverted immediately.

However, it is prudent for a member of the crew to have basic knowledge of first aid, CPR, and related matters to assist with an emergency. Therefore, Petroport supports the requirements of Section 150.525 but asks that the Coast Guard make clear in its revision to the regulations that the member of the crew with the required training may perform other duties. It would be costly and inefficient to retain a crew member solely fox medical emergencies, especially when incidents that would require his/her attention would be few and occur sporadically.

E. OPA 90

The Coast Guard should amend the Deepwater Port regulations to ensure that they are consistent with the Oil Pollution Act of 1990, as amended. 33 USC Sections 2704 et seq.

V. Conclusion

As indicated, deepwater ports are the safest means of bringing oil to the United States. Accordingly, to encourage their development 'and use, the Coast Guard should revise the Deepwater Port regulations in a manner that will minimize the

compliance burden and make the regulations consistent with those applicable to other offshore facilities on the Outer Continental Shelf and oil terminal and storage facilities onshore, Because the industry, the Coast Guard and other agencies are familiar with and have adopted the standards applicable to those facilities, they can easily apply those standards to a deepwater port. There is no reason to make regulations applicable to such a port more onerous or complex. A deepwater port certainly poses no greater risk than any other offshore facility; most experts would argue far less. In particular, the Coast Guard should attempt to streamline the licensing procedures and requirements. At present, their burden is significant and has discouraged development of deepwater ports.

Petroport looks forward to working with the Coast Guard when ready to file its application. In the interim, the Company would be pleased to provide additional information to assist the Agency with this revision of the regulations.